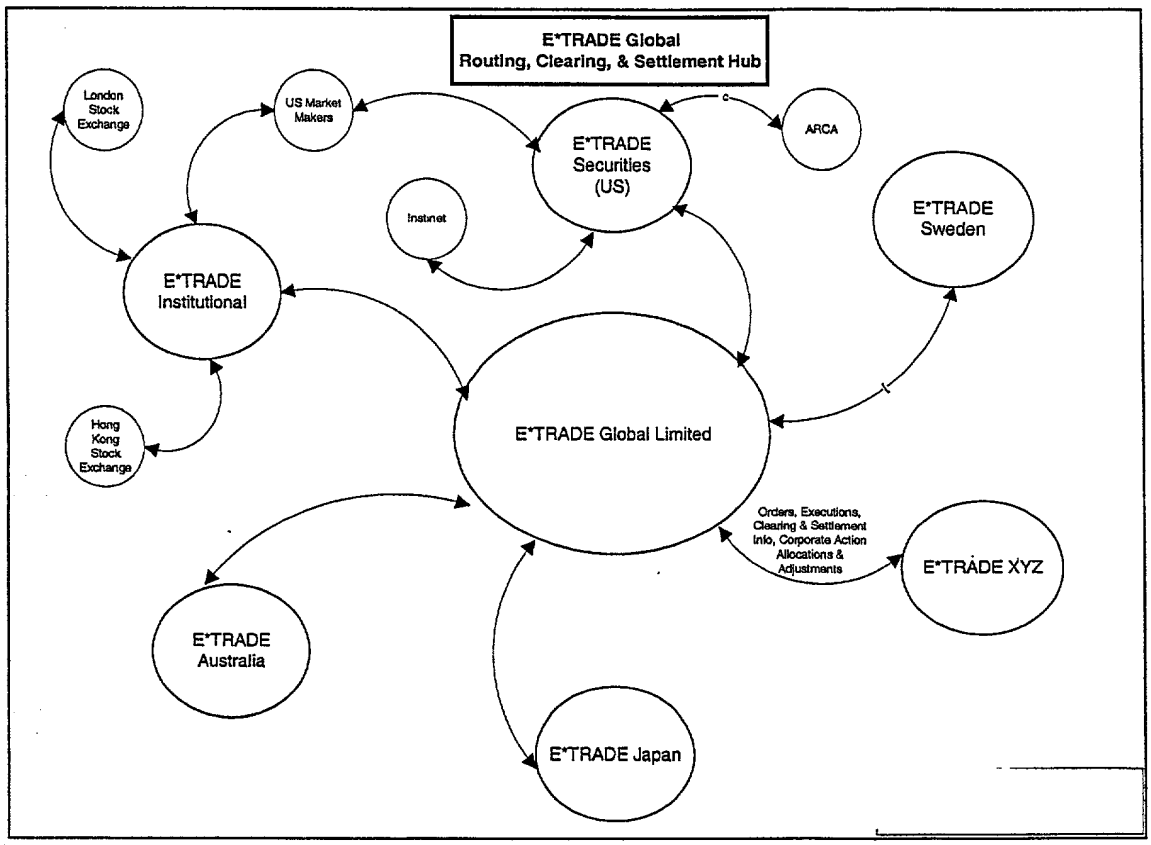
E*TRADE Global
Routing, Clearing, & Settlement Hub
London Stock Exchange
US Market Makers
E*TRADE Securities (US)
ARCA
Instinet
E*TRADE Sweden
E*TRADE Institutional
Hong Kong Stock Exchange
E*TRADE Global Limited
Orders, Executions, Clearing & Settlement Info, Corporate Action Allocations & Adjustments
E*TRADE XYZ
E*TRADE Australia
E*TRADE Japan

FIGURE 1

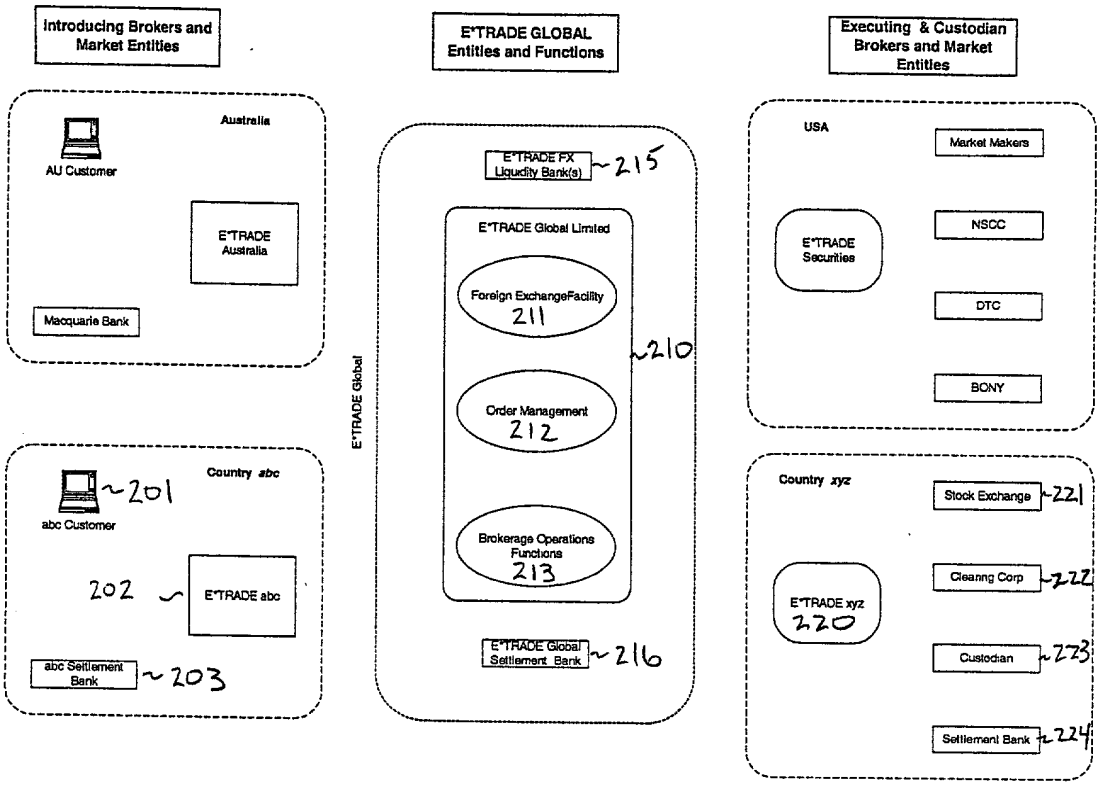
Introducing Brokers and Market Entities
E*TRADE GLOBAL Entities and Functions
Executing & Custodian Brokers and Market Entities
Australia
AU Customer
E*TRADE Australia
Macquarie Bank
Country abc
~201
abc Customer
202
E*TRADE abc
abc Settlement Bank
~203
E*TRADE Global
E*TRADE FX Liquidity Bank(s)
~215
E*TRADE Global Limited
Foreign ExchangeFacility
211
Order Management
212
Brokerage Operations Functions
213
~210
E*TRADE Global Settlement Bank
~216
USA
Market Makers
E*TRADE Securities
NSCC
DTC
BONY
Country xyz
Stock Exchange
~221
E*TRADE xyz
220
Cleanng Corp
~222
Custodian
~223
Settlement Bank
~224

FIGURE 2

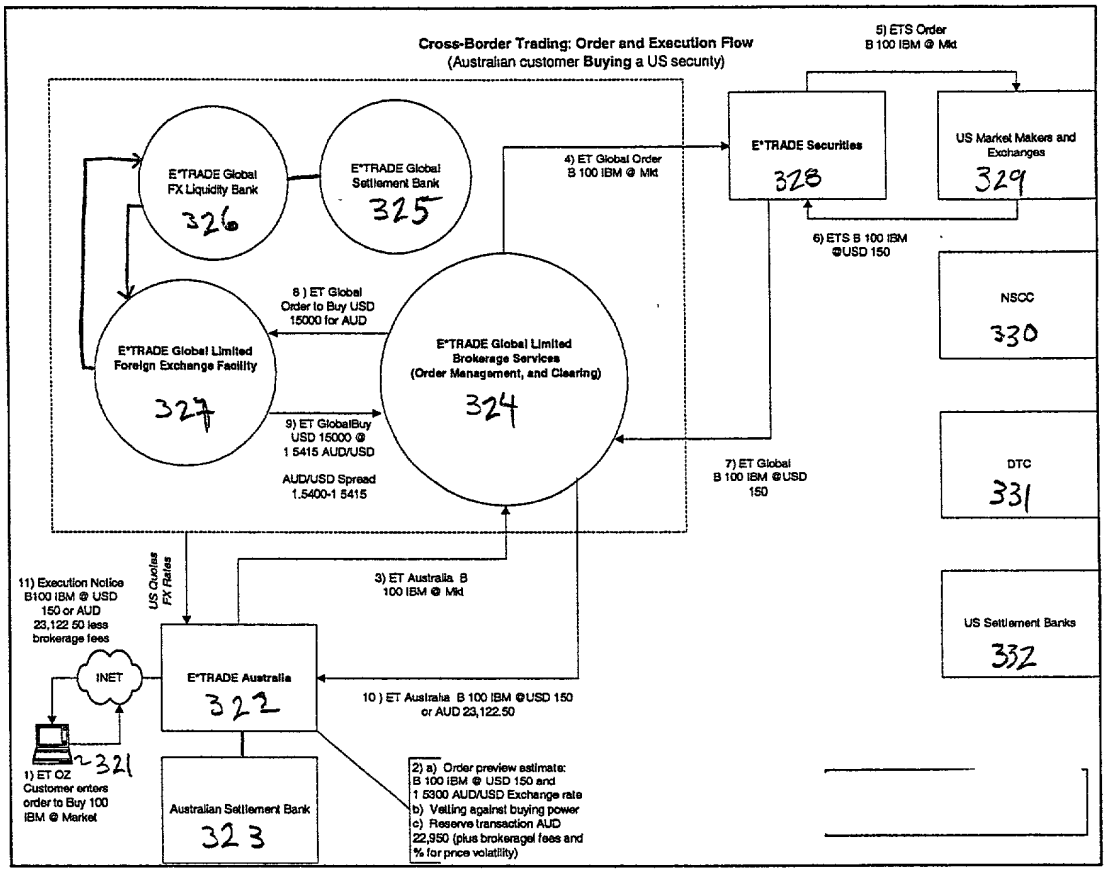
Cross-Border Trading: Order and Execution Flow
(Australian customer Buying a US security)
5) ETS Order
B 100 IBM @ Mkt
E*TRADE Global
FX Liquidity Bank
326
E*TRADE Global
Settlement Bank
325
4) ET Global Order
B 100 IBM @ Mkt
E*TRADE Securities
328
US Market Makers and
Exchanges
329
6) ETS B 100 IBM
@USD 150
NSCC
330
8) ET Global
Order to Buy USD
15000 for AUD
E*TRADE Global Limited
Foreign Exchange Facility
327
E*TRADE Global Limited
Brokerage Services
(Order Management, and Clearing)
324
9) ET GlobalBuy
USD 15000 @
1 5415 AUD/USD
AUD/USD Spread
1.5400-1 5415
7) ET Global
B 100 IBM @USD
150
DTC
331
US Quotes
FX Rates
11) Execution Notice
B100 IBM @ USD
150 or AUD
23,122 50 less
brokerage fees
3) ET Australia B
100 IBM @ Mkt
US Settlement Banks
332
INET
E*TRADE Australia
322
10) ET Australia B 100 IBM @USD 150
or AUD 23,122.50
321
1) ET OZ
Customer enters
order to Buy 100
IBM @ Market
Australian Settlement Bank
323
2) a) Order preview estimate:
B 100 IBM @ USD 150 and
1 5300 AUD/USD Exchange rate
b) Vetting against buying power
c) Reserve transaction AUD
22,950 (plus brokerage fees and
% for price volatility)

FIGURE 3A

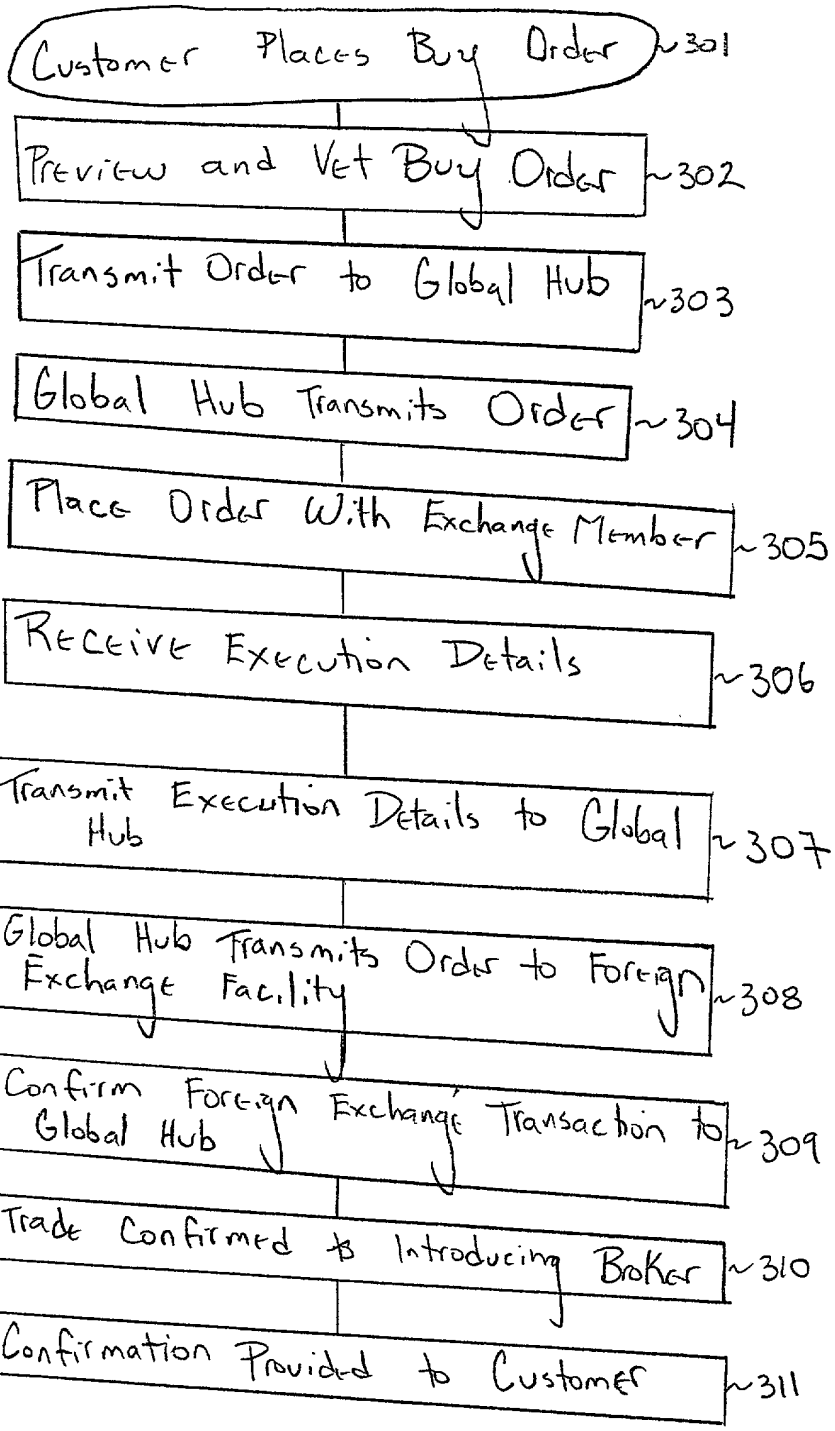
Customer Places Buy Order
301
Preview and Vet Buy Order
302
Transmit Order to Global Hub
303
Global Hub Transmits Order
304
Place Order With Exchange Member
305
Receive Execution Details
306
Transmit Execution Details to Global Hub
307
Global Hub Transmits Order to Foreign Exchange Facility
308
Confirm Foreign Exchange Transaction to Global Hub
309
Trade Confirmed to Introducing Broker
310
Confirmation Provided to Customer
311

FIGURE 3B

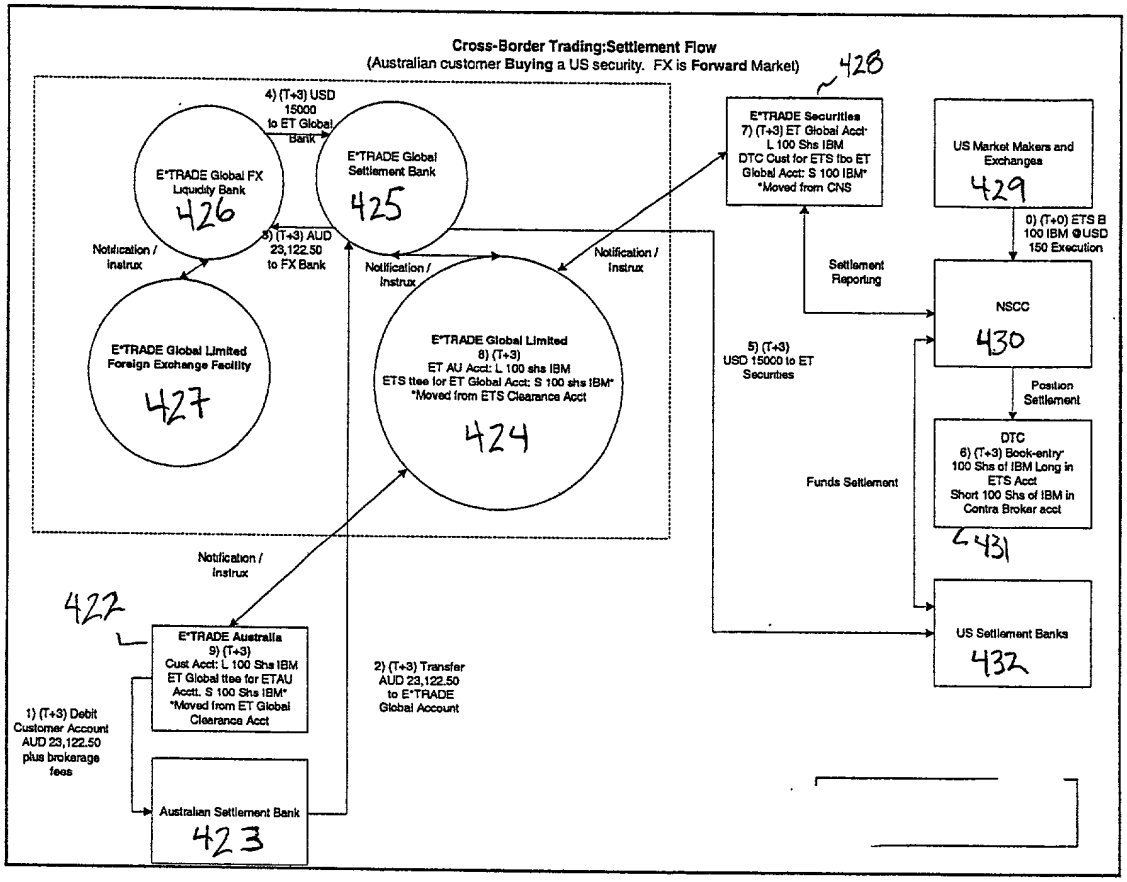
Cross-Border Trading:Settlement Flow
(Australian customer Buying a US security. FX is Forward Market)
428
4) (T+3) USD 15000 to ET Global Bank
E*TRADE Global FX Liquidity Bank
426
E*TRADE Global Settlement Bank
425
E*TRADE Securities
7) (T+3) ET Global Acct L 100 Shs IBM
DTC Cust for ETS fbo ET Global Acct: S 100 IBM*
*Moved from CNS
US Market Makers and Exchanges
429
0) (T+0) ETS B 100 IBM @USD 150 Execution
3) (T+3) AUD 23,122.50 to FX Bank
Notification / Instrux
Notification / Instrux
Notification / Instrux
Settlement Reporting
NSCC
430
E*TRADE Global Limited Foreign Exchange Facility
427
E*TRADE Global Limited
8) (T+3)
ET AU Acct: L 100 shs IBM
ETS ttee for ET Global Acct: S 100 shs IBM*
*Moved from ETS Clearance Acct
424
5) (T+3) USD 15000 to ET Securities
Position Settlement
DTC
6) (T+3) Book-entry 100 Shs of IBM Long in ETS Acct
Short 100 Shs of IBM in Contra Broker acct
431
Funds Settlement
Notification / Instrux
422
E*TRADE Australia
9) (T+3)
Cust Acct: L 100 Shs IBM
ET Global ttee for ETAU Acctt. S 100 Shs IBM*
*Moved from ET Global Clearance Acct
US Settlement Banks
432
2) (T+3) Transfer AUD 23,122.50 to E*TRADE Global Account
1) (T+3) Debit Customer Account AUD 23,122.50 plus brokerage fees
Australian Settlement Bank
423

FIGURE 4A

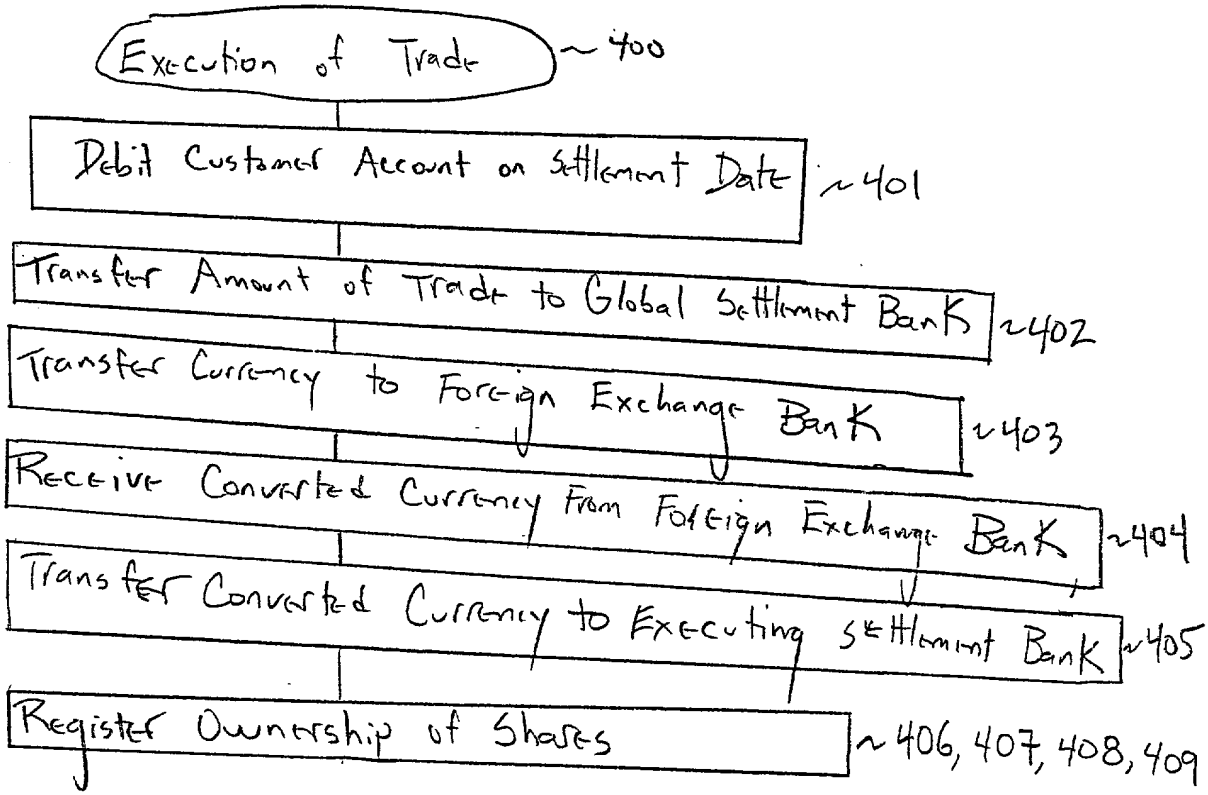
Execution of Trade
400
Debit Customer Account on Settlement Date
401
Transfer Amount of Trade to Global Settlement Bank
402
Transfer Currency to Foreign Exchange Bank
403
Receive Converted Currency From Foreign Exchange Bank
404
Transfer Converted Currency to Executing Settlement Bank
405
Register Ownership of Shares
406, 407, 408, 409

FIGURE 4B

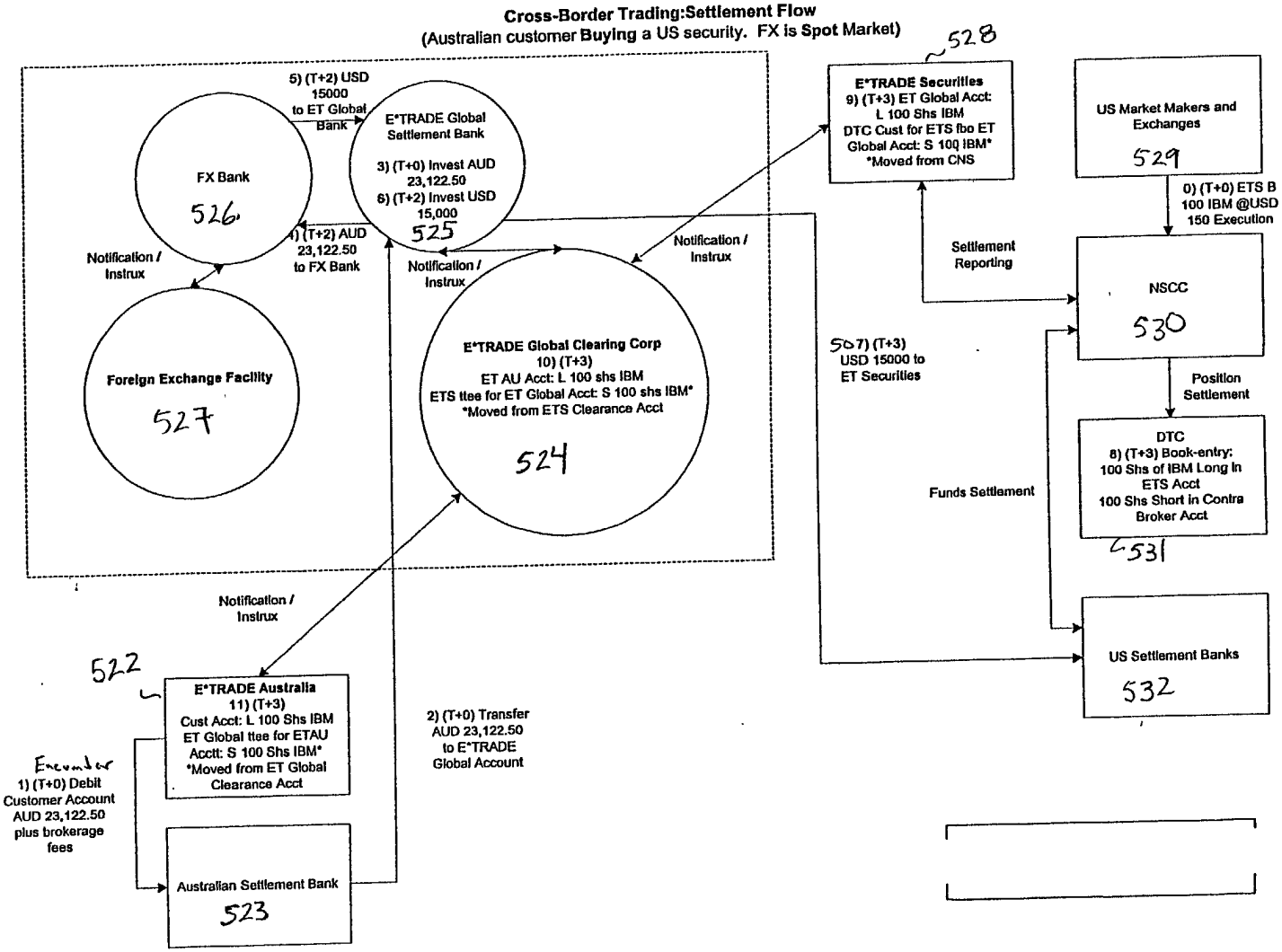
Cross-Border Trading:Settlement Flow
(Australian customer Buying a US security. FX is Spot Market)
528
E*TRADE Securities
9) (T+3) ET Global Acct:
L 100 Shs IBM
DTC Cust for ETS fbo ET
Global Acct: S 100 IBM*
*Moved from CNS
US Market Makers and Exchanges
529
0) (T+0) ETS B
100 IBM @USD
150 Execution
5) (T+2) USD 15000 to ET Global Bank
E*TRADE Global Settlement Bank
3) (T+0) Invest AUD 23,122.50
6) (T+2) Invest USD 15,000
525
FX Bank
526
1) (T+2) AUD 23,122.50 to FX Bank
Notification / Instrux
Notification / Instrux
Notification / Instrux
Settlement Reporting
NSCC
530
Foreign Exchange Facility
527
E*TRADE Global Clearing Corp
10) (T+3)
ET AU Acct: L 100 shs IBM
ETS ttee for ET Global Acct: S 100 shs IBM*
*Moved from ETS Clearance Acct
524
507) (T+3)
USD 15000 to
ET Securities
Position Settlement
DTC
8) (T+3) Book-entry:
100 Shs of IBM Long in ETS Acct
100 Shs Short in Contra Broker Acct
531
Funds Settlement
Notification / Instrux
522
E*TRADE Australia
11) (T+3)
Cust Acct: L 100 Shs IBM
ET Global ttee for ETAU
Acctt: S 100 Shs IBM*
*Moved from ET Global Clearance Acct
US Settlement Banks
532
2) (T+0) Transfer AUD 23,122.50 to E*TRADE Global Account
Executor
1) (T+0) Debit Customer Account AUD 23,122.50 plus brokerage fees
Australian Settlement Bank
523

FIGURE 5A

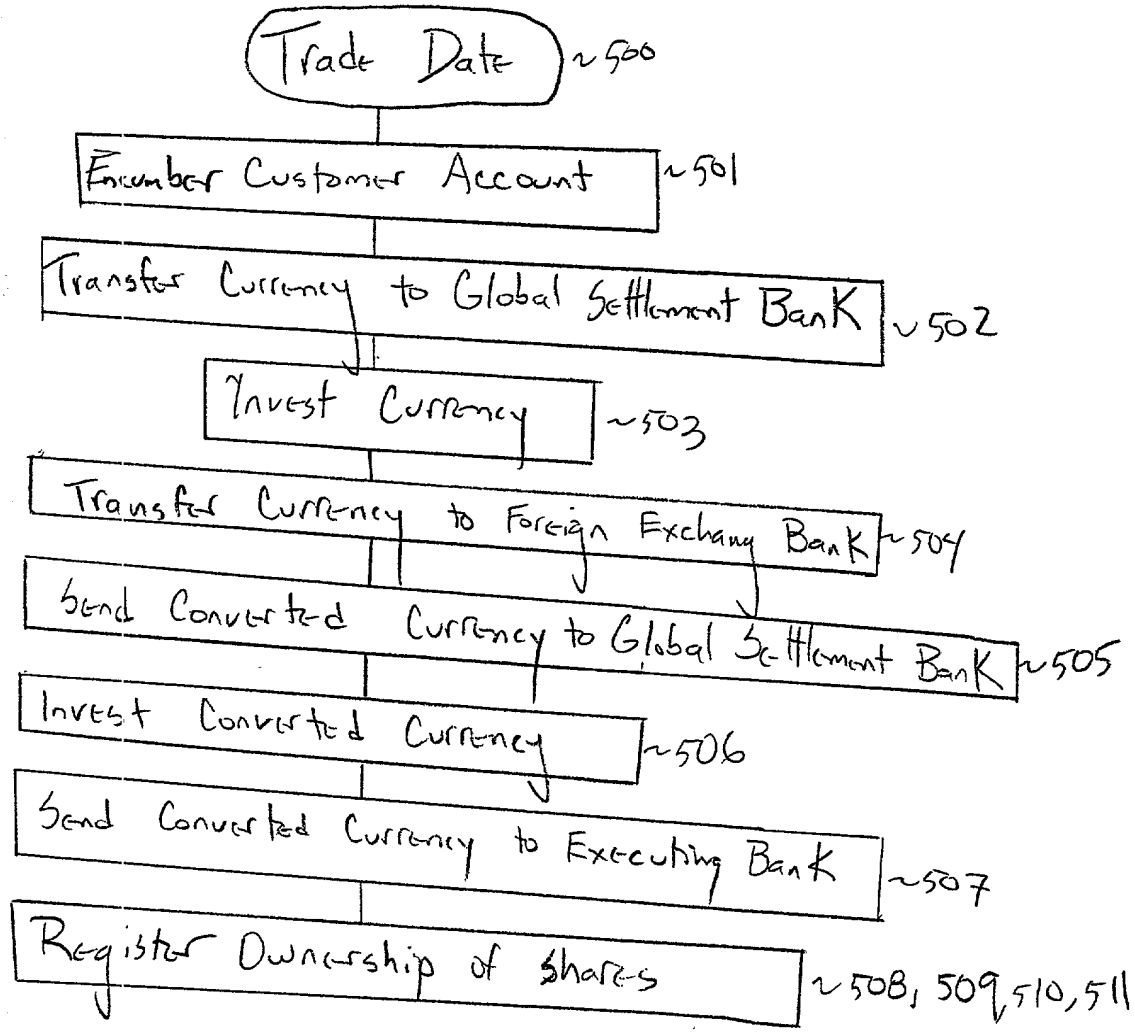
Trade Date
~500
Encumber Customer Account
~501
Transfer Currency to Global Settlement Bank
~502
Invest Currency
~503
Transfer Currency to Foreign Exchang Bank
~504
Send Converted Currency to Global Settlement Bank
~505
Invest Converted Currency
~506
Send Converted Currency to Executing Bank
~507
Register Ownership of Shares
~508, 509, 510, 511

FIGURE 5B.

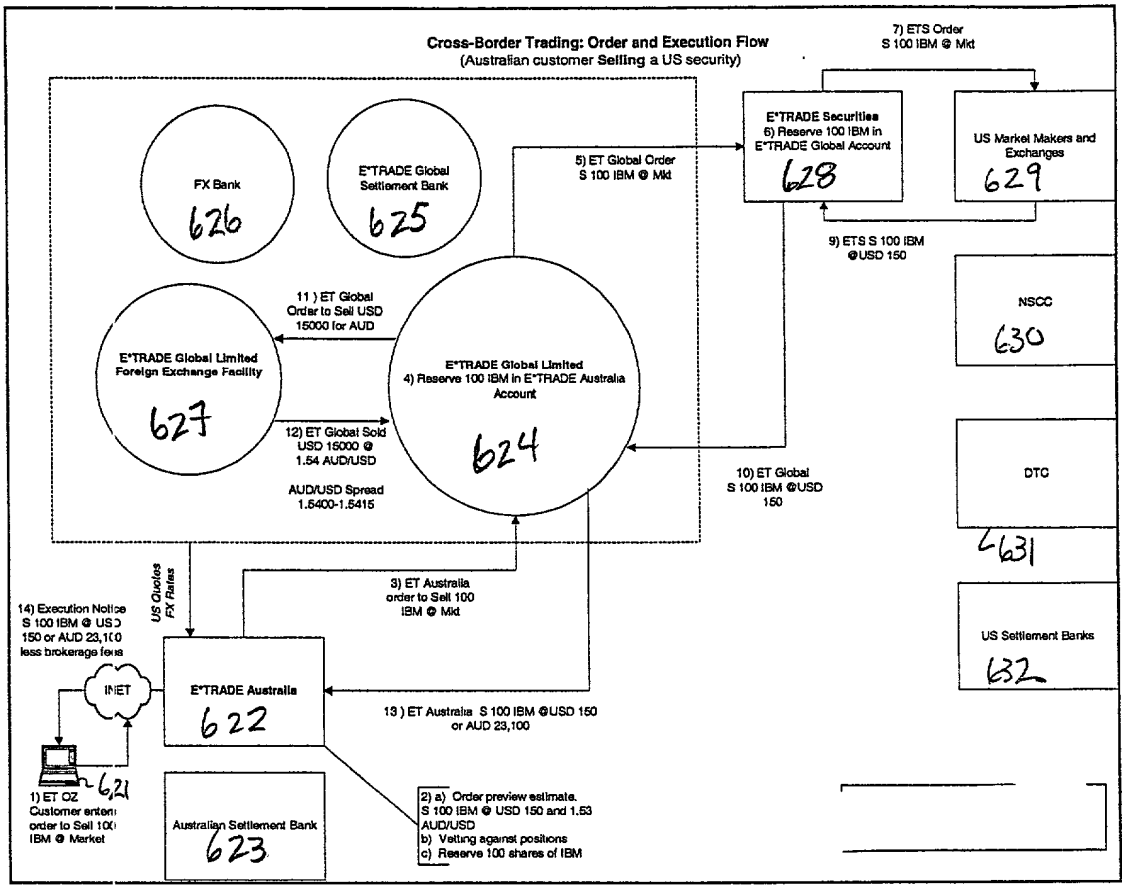
Cross-Border Trading: Order and Execution Flow
(Australian customer Selling a US security)
7) ETS Order
S 100 IBM @ Mkt
FX Bank
626
E*TRADE Global
Settlement Bank
625
5) ET Global Order
S 100 IBM @ Mkt
E*TRADE Securities
6) Reserve 100 IBM in
E*TRADE Global Account
628
US Market Makers and
Exchanges
629
9) ETS S 100 IBM
@USD 150
NSCC
630
11) ET Global
Order to Sell USD
15000 for AUD
E*TRADE Global Limited
Foreign Exchange Facility
627
E*TRADE Global Limited
4) Reserve 100 IBM in E*TRADE Australia
Account
624
12) ET Global Sold
USD 15000 @
1.54 AUD/USD
AUD/USD Spread
1.5400-1.5415
10) ET Global
S 100 IBM @USD
150
DTC
631
US Quotes
FX Rates
3) ET Australia
order to Sell 100
IBM @ Mkt
14) Execution Notice
S 100 IBM @ USD
150 or AUD 23,100
less brokerage fees
US Settlement Banks
632
INET
E*TRADE Australia
622
13) ET Australia S 100 IBM @USD 150
or AUD 23,100
621
1) ET OZ
Customer enters
order to Sell 100
IBM @ Market
Australian Settlement Bank
623
2) a) Order preview estimate.
S 100 IBM @ USD 150 and 1.53
AUD/USD
b) Vetting against positions
c) Reserve 100 shares of IBM

FIGURE 6A

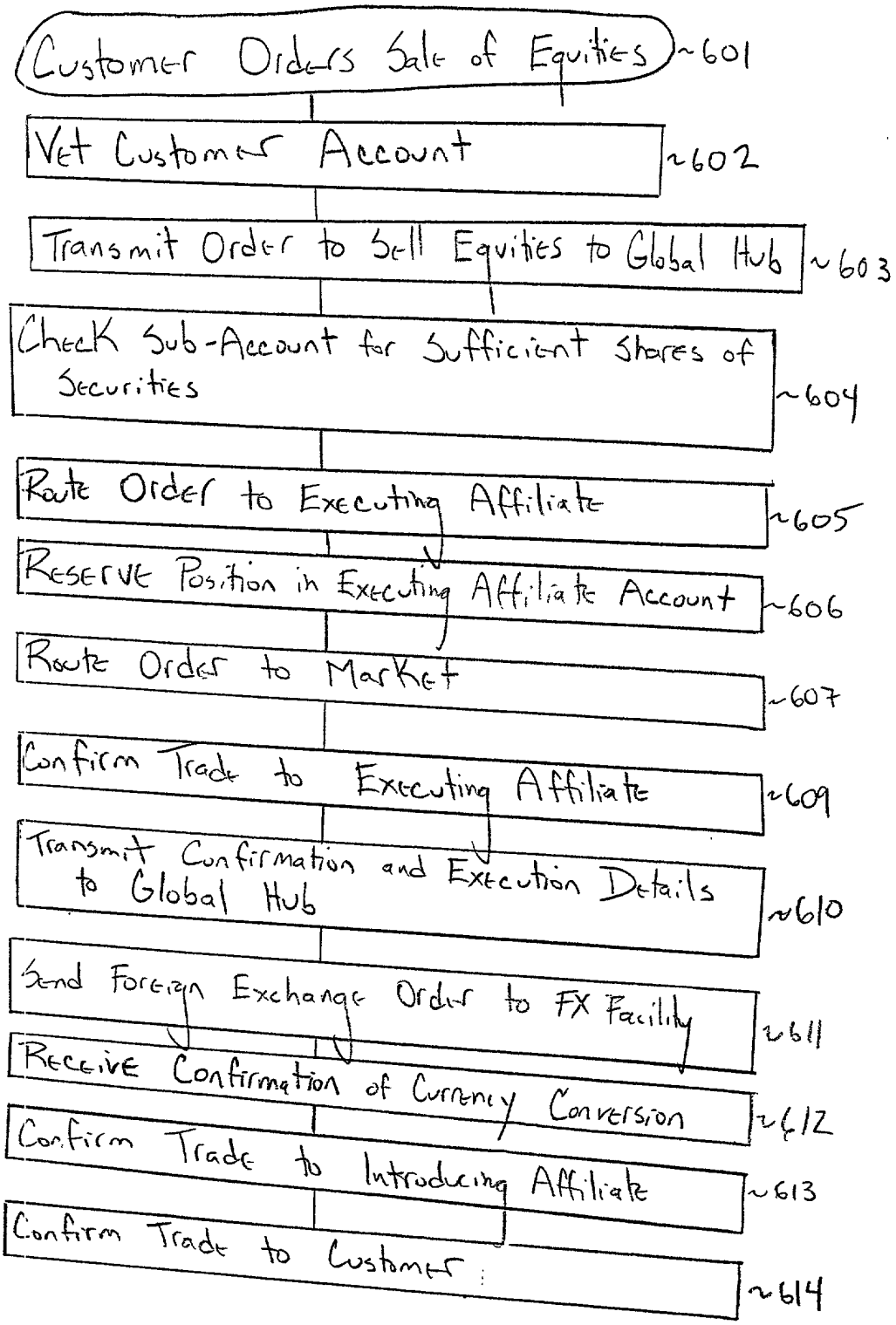
Customer Orders Sale of Equities
601
Vet Customer Account
602
Transmit Order to Sell Equities to Global Hub
603
Check Sub-Account for Sufficient Shares of Securities
604
Route Order to Executing Affiliate
605
Reserve Position in Executing Affiliate Account
606
Route Order to Market
607
Confirm Trade to Executing Affiliate
609
Transmit Confirmation and Execution Details to Global Hub
610
Send Foreign Exchange Order to FX Facility
611
Receive Confirmation of Currency Conversion
612
Confirm Trade to Introducing Affiliate
613
Confirm Trade to Customer
614

FIGURE 6B

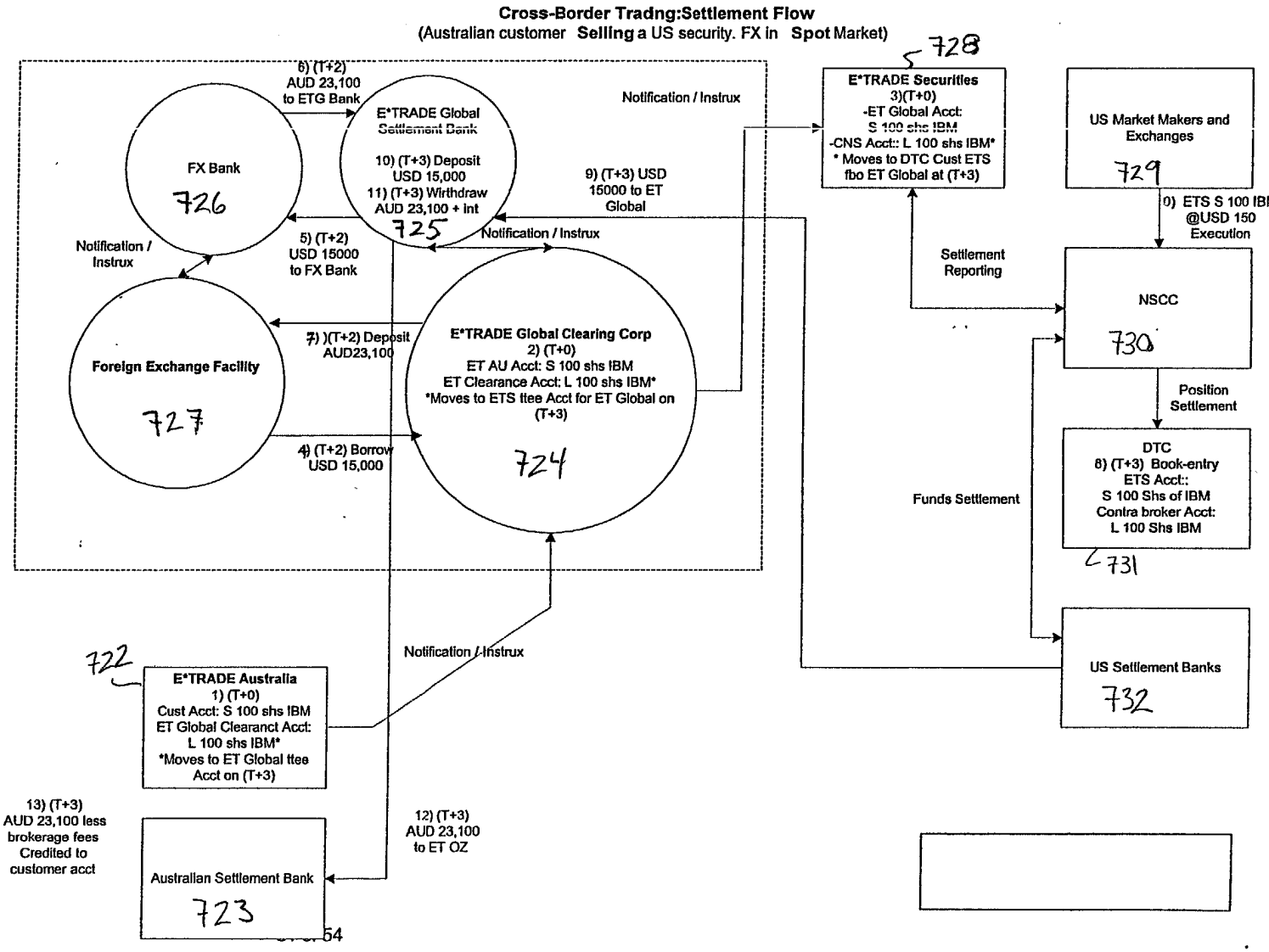
Cross-Border Tradng:Settlement Flow
(Australian customer Selling a US security. FX in Spot Market)
728
E*TRADE Securities
3)(T+0)
-ET Global Acct:
S 100 shs IBM
-CNS Acct:: L 100 shs IBM*
* Moves to DTC Cust ETS
fbo ET Global at (T+3)
US Market Makers and Exchanges
729
0) ETS S 100 IBM @USD 150 Execution
6) (T+2) AUD 23,100 to ETG Bank
E*TRADE Global Settlement Bank
10) (T+3) Deposit USD 15,000
11) (T+3) Wirthdraw AUD 23,100 + Int
725
Notification / Instrux
9) (T+3) USD 15000 to ET Global
FX Bank
726
Notification / Instrux
5) (T+2) USD 15000 to FX Bank
Notification / Instrux
Settlement Reporting
NSCC
730
7))(T+2) Deposit AUD23,100
E*TRADE Global Clearing Corp
2) (T+0)
ET AU Acct: S 100 shs IBM
ET Clearance Acct: L 100 shs IBM*
*Moves to ETS ttee Acct for ET Global on (T+3)
Foreign Exchange Facility
727
4) (T+2) Borrow USD 15,000
724
Position Settlement
DTC
8) (T+3) Book-entry
ETS Acct::
S 100 Shs of IBM
Contra broker Acct:
L 100 Shs IBM
731
Funds Settlement
Notification / Instrux
722
E*TRADE Australia
1) (T+0)
Cust Acct: S 100 shs IBM
ET Global Clearanct Acct:
L 100 shs IBM*
*Moves to ET Global ttee Acct on (T+3)
US Settlement Banks
732
13) (T+3) AUD 23,100 less brokerage fees Credited to customer acct
12) (T+3) AUD 23,100 to ET OZ
Australian Settlement Bank
723

FIGURE 7A

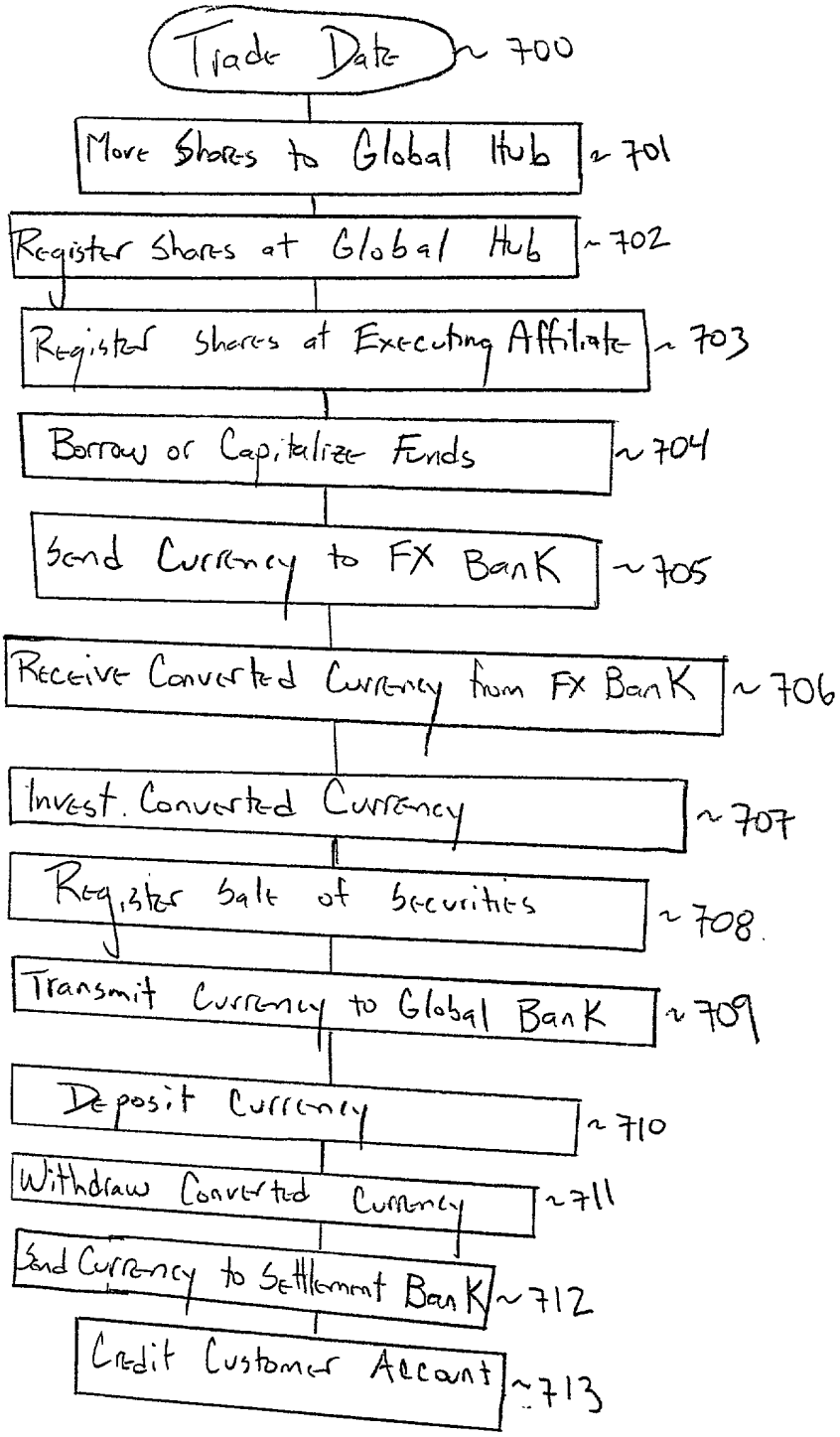
Trade Date
700
Move Shares to Global Hub
701
Register Shares at Global Hub
702
Register Shares at Executing Affiliate
703
Borrow or Capitalize Funds
704
Send Currency to FX Bank
705
Receive Converted Currency from FX Bank
706
Invest Converted Currency
707
Register Sale of Securities
708
Transmit Currency to Global Bank
709
Deposit Currency
710
Withdraw Converted Currency
711
Send Currency to Settlement Bank
712
Credit Customer Account
713

FIGURE 7B

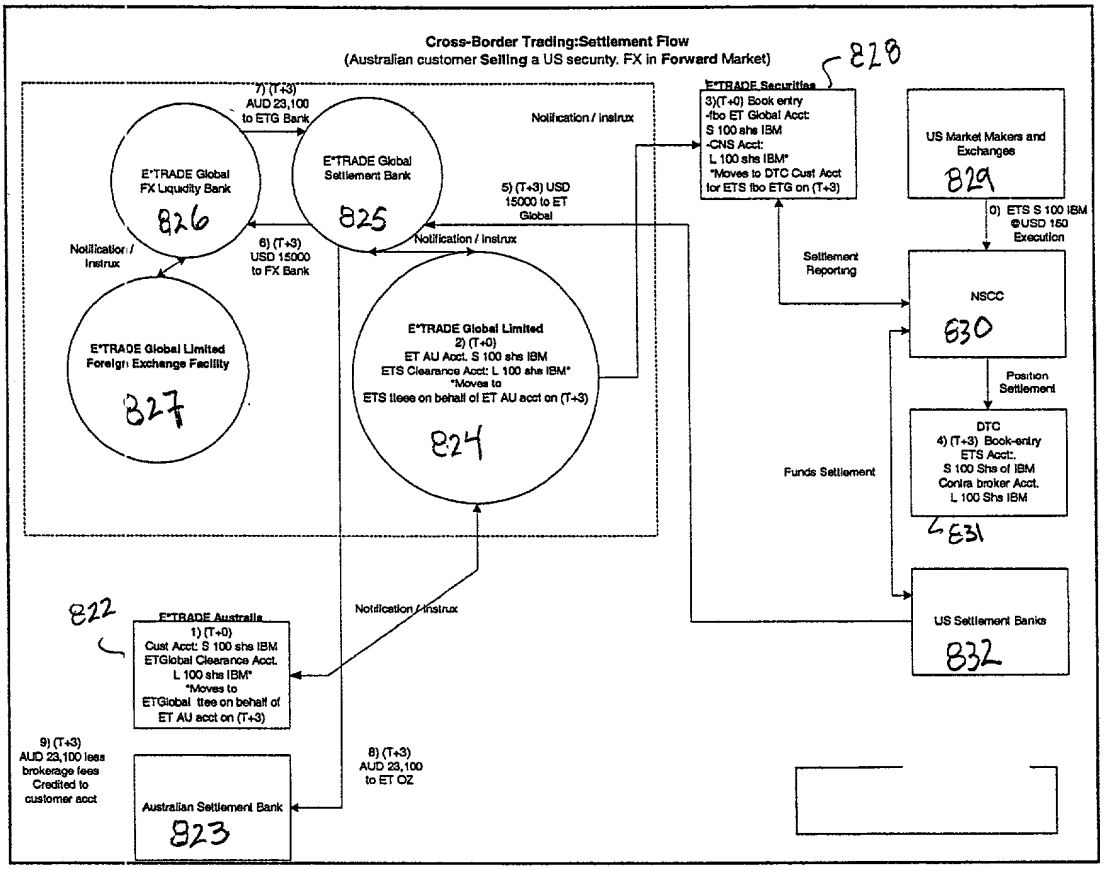
Cross-Border Trading:Settlement Flow
(Australian customer Selling a US security. FX in Forward Market)
820
E*TRADE Securities
3)(T+0) Book entry
-fbo ET Global Acct:
S 100 shs IBM
-CNS Acct:
L 100 shs IBM*
*Moves to DTC Cust Acct
for ETS fbo ETG on (T+3)
US Market Makers and Exchanges
829
0) ETS S 100 IBM @USD 150 Execution
7) (T+3) AUD 23,100 to ETG Bank
E*TRADE Global FX Liquidity Bank
826
E*TRADE Global Settlement Bank
825
Notification / Instrux
5) (T+3) USD 15000 to ET Global
Notification / Instrux
6) (T+3) USD 15000 to FX Bank
Notification / Instrux
Settlement Reporting
NSCC
830
E*TRADE Global Limited Foreign Exchange Facility
827
E*TRADE Global Limited
2) (T+0)
ET AU Acct. S 100 shs IBM
ETS Clearance Acct: L 100 shs IBM*
*Moves to
ETS tIeee on behalf of ET AU acct on (T+3)
824
Position Settlement
DTC
4) (T+3) Book-entry
ETS Acct:.
S 100 Shs of IBM
Contra broker Acct.
L 100 Shs IBM
831
Funds Settlement
822
E*TRADE Australia
1) (T+0)
Cust Acct: S 100 shs IBM
ETGlobal Clearance Acct.
L 100 shs IBM*
*Moves to
ETGlobal ttee on behalf of
ET AU acct on (T+3)
Notification / Instrux
US Settlement Banks
832
9) (T+3) AUD 23,100 less brokerage fees Credited to customer acct
Australian Settlement Bank
823
8) (T+3) AUD 23,100 to ET OZ

FIGURE 8A

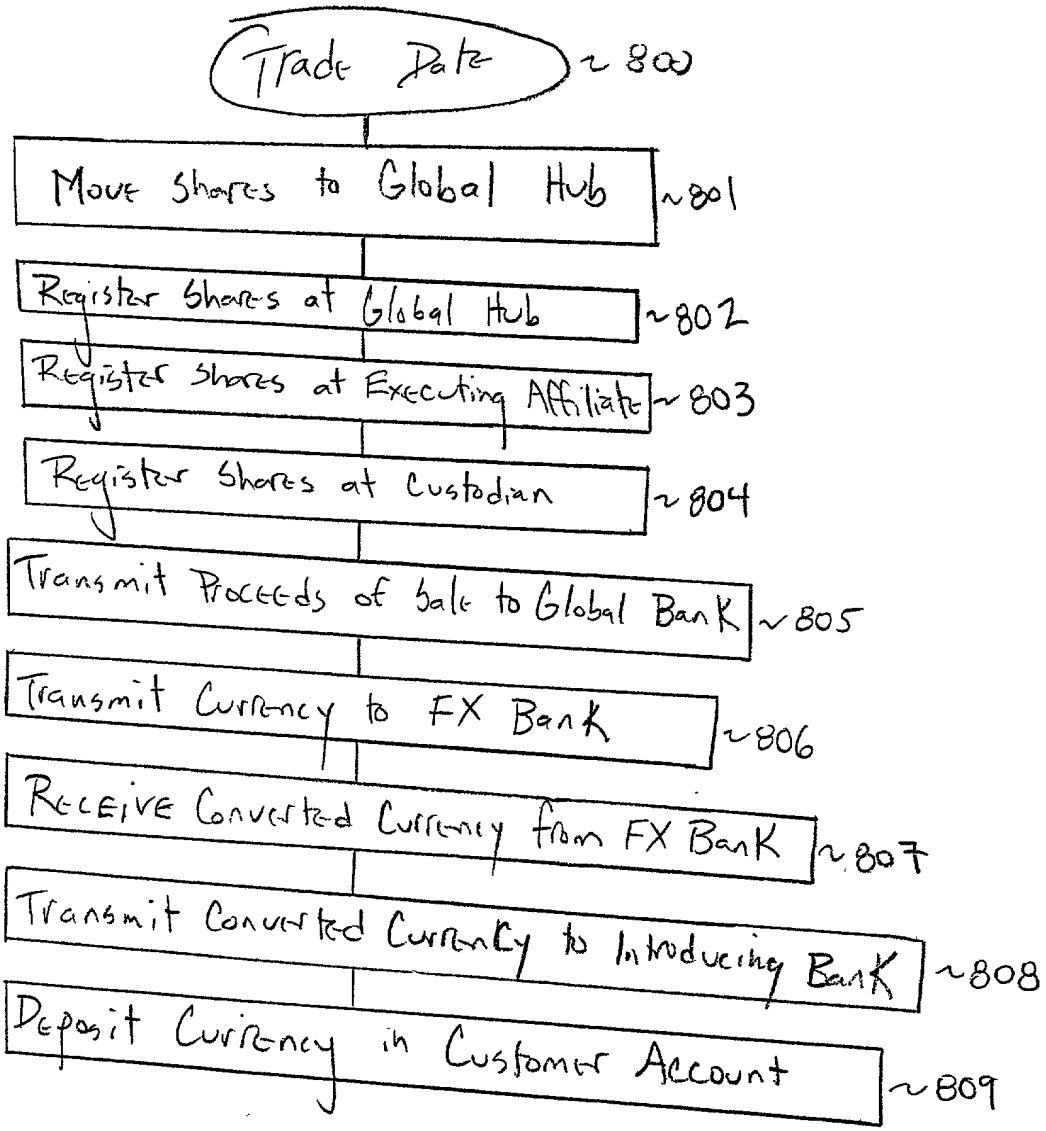
Trade Date
800
Move Shares to Global Hub
801
Register Shares at Global Hub
802
Register Shares at Executing Affiliate
803
Register Shares at Custodian
804
Transmit Proceeds of Sale to Global Bank
805
Transmit Currency to FX Bank
806
Receive Converted Currency from FX Bank
807
Transmit Converted Currency to Introducing Bank
808
Deposit Currency in Customer Account
809

Figure 8B

Attachment B

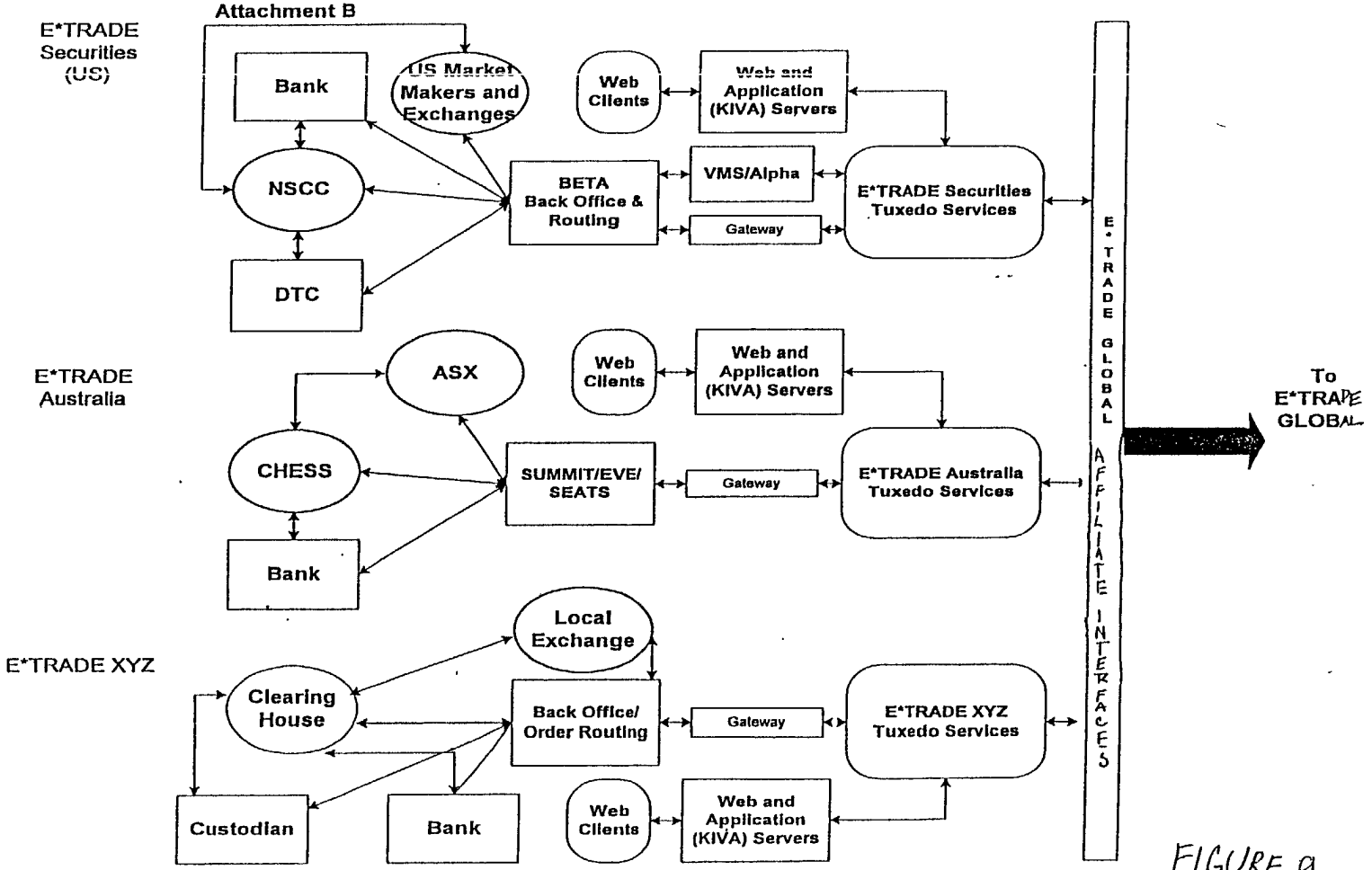

FIGURE 9

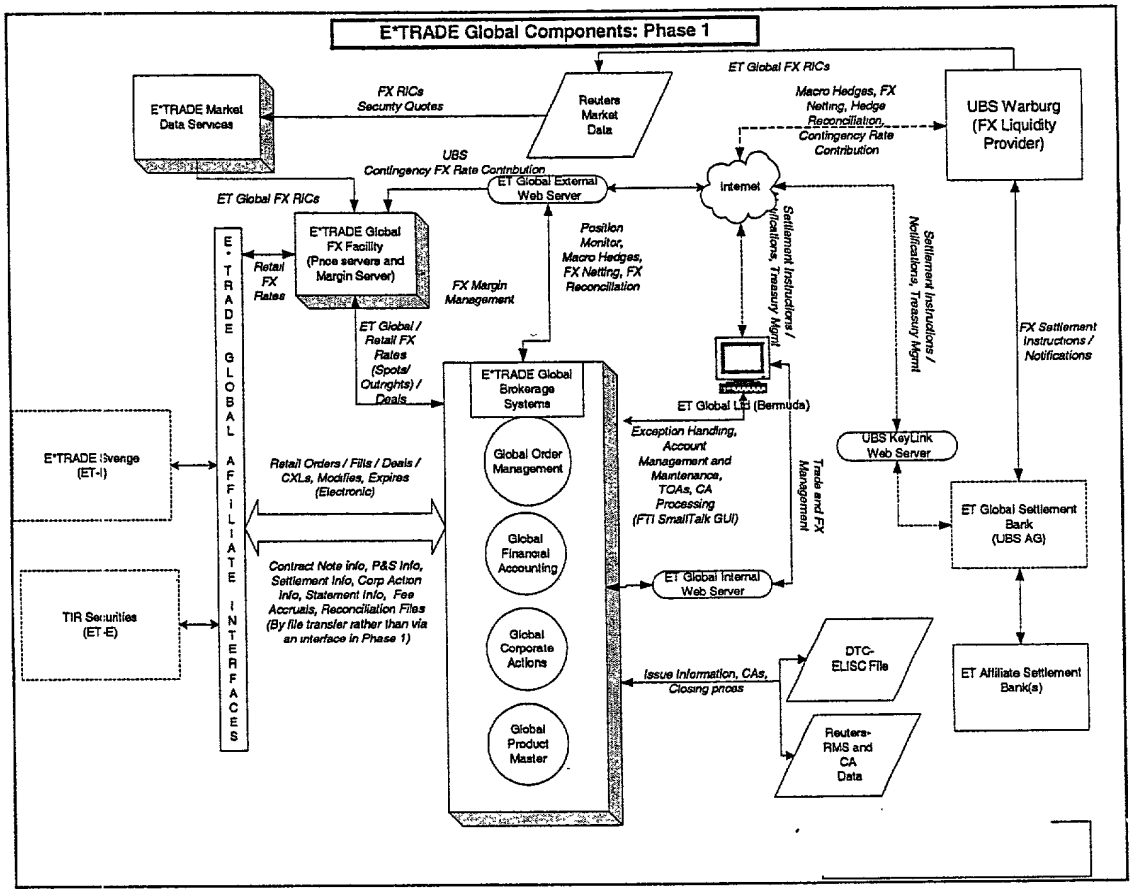
E*TRADE Global Components: Phase 1
E*TRADE Market Data Services
FX RICs
Security Quotes
Reuters Market Data
ET Global FX RICs
Macro Hedges, FX Netting, Hedge Reconciliation, Contingency Rate Contribution
UBS Warburg (FX Liquidity Provider)
UBS Contingency FX Rate Contribution
ET Global External Web Server
Internet
ET Global FX RICs
E*TRADE Global FX Facility (Price servers and Margin Server)
Retail FX Rates
FX Margin Management
Position Monitor, Macro Hedges, FX Netting, FX Reconciliation
Settlement Instructions / Notifications, Treasury Mgmt
Settlement Instructions / Notifications, Treasury Mgmt
FX Settlement Instructions / Notifications
E-TRADE GLOBAL AFFILIATE INTERFACES
ET Global / Retail FX Rates (Spots/ Outrights) / Deals
E*TRADE Global Brokerage Systems
ET Global Ltd (Bermuda)
Exception Handling, Account Management and Maintenance, TCAs, CA Processing (FTI SmallTalk GUI)
UBS KeyLink Web Server
E*TRADE Sverige (ET-I)
Retail Orders / Fills / Deals / CXLs, Modifies, Expires (Electronic)
Global Order Management
Trade and FX Management
ET Global Settlement Bank (UBS AG)
Contract Note info, P&S info, Settlement info, Corp Action info, Statement info, Fee Accruals, Reconciliation Files (By file transfer rather than via an interface in Phase 1)
Global Financial Accounting
ET Global Internal Web Server
TIR Securities (ET-E)
Global Corporate Actions
DTC-ELISC File
ET Affiliate Settlement Bank(s)
Issue Information, CAs, Closing prices
Global Product Master
Reuters-RMS and CA Data

FIGURE 10

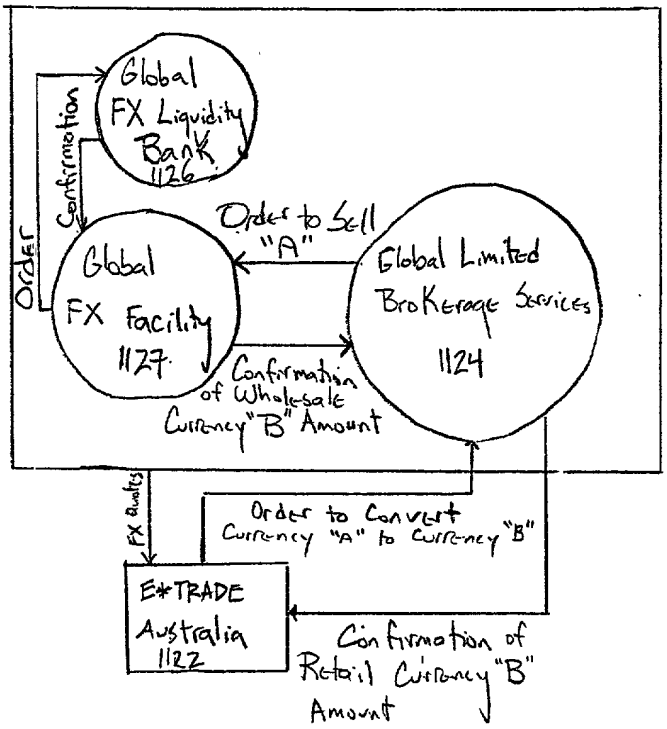
Global
FX Liquidity
Bank
1126
Confirmation
Order
Global
FX Facility
1127
Order to Sell
"A"
Global Limited
Brokerage Services
1124
Confirmation
of Wholesale
Currency "B" Amount
FX Buckets
Order to Convert
Currency "A" to Currency "B"
E*TRADE
Australia
1122
Confirmation of
Retail Currency "B"
Amount

FIGURE 11A

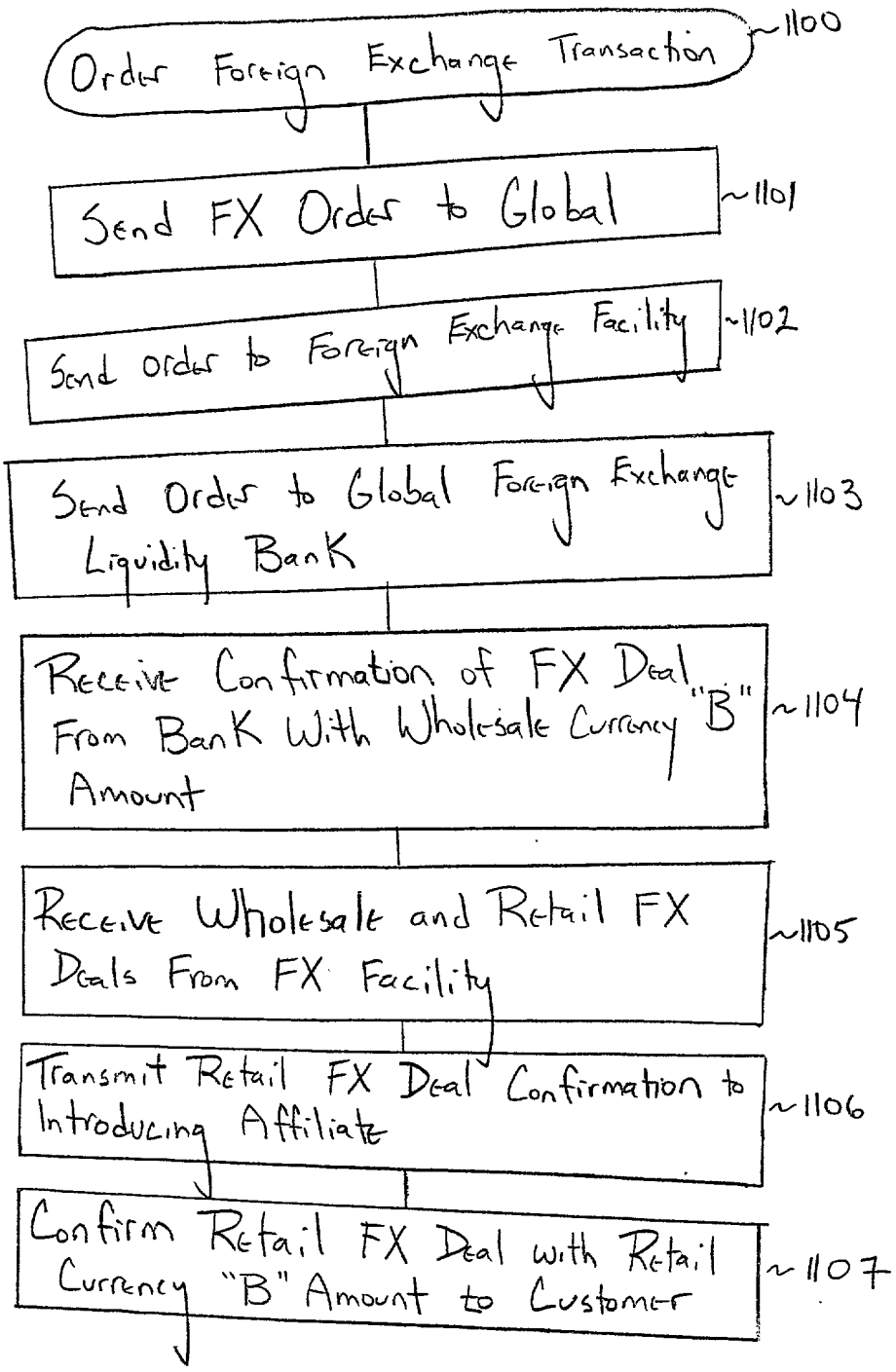
Order Foreign Exchange Transaction
1100
Send FX Order to Global
1101
Send order to Foreign Exchange Facility
1102
Send Order to Global Foreign Exchange Liquidity Bank
1103
Receive Confirmation of FX Deal From Bank With Wholesale Currency "B" Amount
1104
Receive Wholesale and Retail FX Deals From FX Facility
1105
Transmit Retail FX Deal Confirmation to Introducing Affiliate
1106
Confirm Retail FX Deal with Retail Currency "B" Amount to Customer
1107

FIGURE 11B